



Voter Information Pamphlet

for
Proposition #4
and
Proposition #5

To be voted on at the November 8, 2011
Lehi Municipal General Election

The arguments for or against a ballot proposition are the opinions of the authors.

Proposition # 4 Ballot Title

- Imposing an annual maximum salary limit of \$95,000 and total compensation limit of \$120,000 for exempt employees;
- Reducing salary and/or total compensation for exempt employees in excess of the limits on December 5, 2011;
- Requiring exempt employees with written contracts that exceed the limits to renegotiate or terminate employment by January 30, 2012;
- Prohibiting Lehi City from avoiding the limits by converting regular employees to contract;
- Allowing adjustment of limits only for inflation;
- Allowing repeal if unemployment is below 5.25% for specified periods;
- Mandating criminal prosecution of the Mayor for neglect of duty if provisions are not enforced.

Argument for Proposition #4

This initiative sets forth a maximum compensation for salaried City employees. It limits the salary paid to \$95,000 and the total compensation paid to an employee to \$120,000. Many will claim that it is simply not possible to attract highly skilled executive level employees with such a limit in place. They say that these jobs are worth more than that. Many jobs pay more than \$95,000 per year but most jobs pay less. Many jobs have great retirement benefits and health insurance but most jobs don't. The Salt Lake Tribune has reported that the median household income in Utah has dropped to its 1997 level which is less than \$60,000. Many Utahns are out of work and thousands more are struggling with the impact of these difficult times.

Our City Administration's answer to these problems was to provide a 2% across the board salary increase to several City Administrators who already make more than \$100,000 per year. They just aren't paying attention.

Your vote for this initiative will force our elected officials to reign in the skyrocketing cost of our City government. It will force them to more carefully evaluate the wage and benefit structure that is being paid to these most highly compensated employees and it will require them to make changes. These changes will save money.

You will be told that these employees will have a right to file lawsuits against the City for having their salaries reduced. This is a scare tactic designed to force your agreement with their flawed position. The City might even claim that it established these wages by virtue of a study. Is the study recent? Is it being followed? Was an across the board pay increase part of the study or was it just a shot in the dark? Ask your City Councilor if they consulted the study before voting for this increase. Ask them if they have seen the study. Ask them if they know how much the wages and benefits of the City's top Administrators burden the taxpayer.

If you do, you will be persuaded by their answers that they need to be compelled by the voters to put their house in order. They have acted without regard for the economy and without regard for the taxpayer. Vote FOR Proposition No. 4 and let them know that they are out of touch.

Submitted by Clint Carter, Sponsor

Argument Against Proposition #4

Vote **AGAINST** Proposition #4 because it is bad public policy. This proposition would force Lehi to be the only city in Utah to impose salary caps on employees thus limiting the ability of the city to serve the citizens in the most appropriate manner. Cutting salaries to below-market levels will make it difficult for us to recruit and retain qualified, experienced employees. Lehi City must be allowed to participate in the free market system or the city will become little more than a training ground for men and women wanting to advance their careers. Once energetic employees gain some experience and the professional certifications needed for advancement, they will simply move on to another municipality where they can be compensated appropriately.

The possibility that these propositions might become law has already negatively impacted the recruitment of a new city administrator. Developers want to build here, companies want to locate here, and families want to move here, but with all that Lehi has to offer, city administrators from Utah won't apply here. Skilled employees should be fairly compensated and will not consider working for Lehi City if they cannot be.

Proposition #4 would limit total compensation and reduce salaries even more than proposed. With the ever-increasing cost of employee benefits such as health care, salaries will be further reduced as the cost of each benefit increases. This will encourage skilled and professional employees to search elsewhere for work.

Proposition #4 will not save the citizens money. These proposed cuts represent only one-third of one percent of Lehi City's total budget. This is a significantly small amount compared to the cost of potential and probable litigation. Concerns about potential liability are real. The City received a legal opinion that concludes that cutting salaries for current employees is quite possibly unconstitutional; directly conflicts with state law; and may expose the City to liability. A cost that all citizens will be forced to bear.

Even though our city motto is "Pioneering Utah's Future" we do **NOT** want to be the pioneers in developing city policy that runs contrary to the free market system.

Please vote **AGAINST** Proposition #4.

Submitted by Bert Wilson, Lehi City Mayor

Proposition #4

Chapter 2.02: Personnel Provisions related to Exempt Employees

2.02.010: Maximum Salary and Total Compensation Limits:

The elective and appointive officers of the City shall not adopt compensation schedules or plans in excess of the limits contained herein.

2.02.020: Exempt Employees (Employees not eligible for overtime compensation):

No exempt employee, as determined by the City's Human Resource office in consultation with Fair Labor Standards rules, shall receive a salary greater than \$95,000 per year including any bonus.

2.02.021: Total Compensation Limits:

No exempt employee, as determined by the City's Human Resource office in consultation with Fair Labor Standards rules may receive total compensation of greater than \$120,000 per year. Total Compensation is defined for the purposes of this section as follows: Wages + Employer Paid Health Insurance + Employer Paid Retirement benefits (not including the required employer match for Social Security) + Car Allowances if Paid + Phone Allowances if Paid.

2.02.022: Conflict with Existing Agreements and Phasing:

Employee Compensation in excess of these limits will be corrected as of the effective date of this Ordinance except that employees under written contract with the City as of November 30, 2010, will have a grace period of 60 days prior to the adjustment being made to either terminate their contractual relationship with the City according to the provisions of their contract, or negotiate a new agreement with the City that is in compliance with the provisions of this section.

2.02.023: Multiple Position Exclusion:

Employees holding two or more job titles with the City will be subject to the limitations as set forth above as follows: All the wages and benefits will be combined and the total will be subject to the limitations outlined above. For example, wages paid to the Finance Director of Lehi City will be combined with wages paid to the same individual by any other entity controlled by Lehi City for the purposes of establishing total compensation.

2.02.024: Limitations on Consultant Services:

The City may not avoid the provisions of this section by converting positions normally and customarily held by full time employees to contract employee type arrangements. All exempt positions staffed with a full time employee as of December 1, 2010 will be considered to be normally and customarily occupied by a full time employee for the purposes of interpretation.

2.02.025: Annual Adjustment:

The City Council, acting on a recommendation from the Mayor, may adjust the maximum compensation amounts established herein once each year by the amount of inflation in the State of Utah for the prior calendar year as published by the Governor's Office of Planning and Budget.

2.02.026: Automatic Repeal:

Sections (2.02.010 through 2.02.026), in its entirety, may be repealed by the City Council upon a recommendation from the Mayor provided the unemployment rate in the State of Utah, as published by the Governor's Office of Planning and Budget, has remained below 5.25% for three consecutive quarters or 9 consecutive monthly periods.

2.02.027: Penalty for Official Neglect:

The Mayor, upon notice from any Lehi resident that the provisions of this section are being violated, will take action to enforce this section. If the Mayor fails to enforce the provisions of this section, he shall be charged with neglect of duty and prosecuted pursuant to Utah Code Title 10 Chapter 3 Section 826.

Effective Date: Upon passage by the voters, this section will become effective beginning Monday, December 5, 2011.

Sponsors: Clint Carter, Melvin P. Anderson, Dona H. Anderson, Stephen R. Adams, Marian Carter

FINANCIAL IMPACT STATEMENT FOR PROPOSITION #4

It is my unbiased, good-faith estimate that the fiscal impact of the ordinance proposed by the initiative will be as follows:

1. The fiscal impact of the proposed law is a \$250,841 reduction in expenditures in the general fund and a \$37,934 reduction in expenses in the electric enterprise fund, which figure represents the total reduced compensation for nine Lehi City employees who will be impacted by the ordinance.
2. Given the number of employees that will be affected by the proposed ordinance (7 employees whose salaries are funded by the general fund and 2 employees whose salaries are funded by the electric fund), based upon an independent analysis conducted by outside legal counsel, I am of the opinion that there is a substantial likelihood of litigation arising out of the proposed initiative. The potential litigation cost to a challenge of the propriety of the initiative is reasonably estimated to be between \$0 and \$734,000. The potential litigation costs to a challenge of the substantive provisions of the ordinance is reasonably estimated to be between \$0 to \$360,000. In addition to the potential litigation costs to the challenge of the substantive provisions of the ordinance, the City may have additional costs for the settlement of legitimate breach of employment contract claims which are reasonably estimated to be between \$0 to \$250,000.
3. In addition to any payments to current employees affected by the ordinance, the city may incur additional costs for recruitment to replace employees who may resign their positions. I estimate that the reasonable cost to recruit others to replace the nine employees to be \$72,000.
4. Based on the amounts of potential savings of \$288,775, these amounts are immaterial to the percentage of their total respective budgets in each fund, i.e., General Fund is \$20,500,000 and the Electric Enterprise Fund is \$22,408,952. However, the potential fiscal expense in the range of \$0 to \$1,416,000 could result in a tax increase in the general fund and a fee increase in the electric fund.
5. This proposed law would not result in the issuance or a change in the status of bonds, notes, or other debt instruments and not increase or decrease the public debt under the proposed law.
6. The sources of funding for the estimated costs associated with the proposed initiative law would come from fund balance of the general fund for 87% and 13% from the electric fund balance.

Accordingly, the Finance and Administrative Services Director estimates that the law proposed by this initiative would result in a total fiscal savings to the general fund in the amount of \$250,841 and the electric enterprise fund of \$37,934; and the law proposed may potentially increase expenses by litigation, severance agreements, and recruitment costs in the range of \$0 to \$1,416,000 which could result in a tax increase in the general fund and a fee increase in the electric fund.

Sincerely,

David P. Sanderson
Lehi City
Director of Finance and Administrative Services

Proposition #5 Ballot Title

- Requiring non-resident employees for twenty-one senior administrative positions to relocate to Lehi within six months of date of hire or be terminated;
- Allowing the Mayor and City Council to extend the time by six months when it is in the best interests of the City;
- Limiting relocation expenses to employees relocating from out of state to \$3,000 and from within Utah to \$500;
- Prohibiting relocation expenses for employees who were non-residents on December 1, 2010; and
- Mandating criminal prosecution of the Mayor for neglect of duty if these provisions are not enforced.

Argument for Proposition # 5

This initiative is very simple. It requires 21 of the City's top Executives to live within the City limits within six months of being hired. The Council may grant a six month extension to this requirement if they see fit. If you think it is better for the policy makers who are making the decisions about your water and power bill to pay that same water and power bill you are FOR Proposition No. 5. If you believe that the City's top Public Safety Managers including the Police and Fire Chief should live within the City to facilitate their response to a crisis you are FOR Proposition No. 5.

Some have tried to confuse the issue by saying that ALL employees must live within the City. This is not true. This initiative requires only 21 of the top Administrators to live within the City.

Some have said that this initiative will make it difficult for the City to recruit the best people. This is simply not true. One of the things that makes our leaders the best is their willingness to live among us. The City Administration is free to recruit top employees from around the State and Country. Once a selection is made, that individual will accept the requirement to relocate. It is a normal requirement for public employees, especially those who are in Senior Management positions.

It is important to note that Residency has been required by the City for decades. Recently the Administration began breaking the City's requirement on this issue. When their error was pointed out, the City Council was persuaded to adopt a new residency requirement. Council's action provided an exemption for those who had been hired in violation of the City Code.

As a voter you have a residency requirement. Our elected officials have a residency requirement. Maybe we could get better elected officials if we could elect residents of Alpine or Pleasant Grove to our City Council. That sounds silly as the claim that we can't find great leaders who want to live in Lehi.

It's simple. If you think it is better for a community for its leaders to live here rather than in Riverton or Spanish Fork, you are FOR Proposition No. 5.

Submitted by Clint Carter, Sponsor

Argument against Proposition #5

Arguments for proposition #5 are erroneous and avoid issues that require compassion. It is important to vote **AGAINST** proposition #5. Proponents for the proposition argue that individuals who establish policy and fees must live in Lehi and they include in their proposition several specific administrative positions. In reality however, only the Mayor and City Council can establish and adopt citywide policy and fees. As elected officials, they already have a residency requirement. All other city employees simply work to implement city policy. The energy and public works directors have no authority to raise power and water rates. The parks director doesn't decide the location of new parks and the chief of police does not decide what acts are against the law. Those decisions are made by your City Council.

As near as we can determine, the last employee required to move to the city after being hired was 23 years ago. Some departments already have internal policies for distance requirements if things such as response times necessitate it. Historically employees have been given letters allowing them to live outside of Lehi depending on personal circumstance. One of the proponents of this proposition, former Mayor Ken Greenwood, signed a letter entitled "Waiver of Residency Requirements" allowing an employee to live 90 miles away. Another letter dated January 18, 2000 written by the city administrator states, "...I don't believe that permission is required for employees to live beyond the City's corporate limits."

Your place of residency is often determined by other responsibilities apart from work. You may have an aging parent or a child with special needs that requires localized care not available in Lehi. A child may require a tailored school program that is only available elsewhere. Prospective employees should not have to remove children from their schools, neighborhoods and religious congregations in order to work for Lehi City.

Earlier this year, the city council grappled with this issue and passed an ordinance that requires residency for a few, and distance requirements for others. Even though it was based on consensus, it wasn't good enough for the Sponsors of the proposition. Our research shows that this proposition would impose the most restrictive residency requirement of any city in Utah County, and perhaps the entire state. It's mean-spirited to intentionally leave out a grandfathering clause that would protect current employees that were not required to move to Lehi when they were hired. Our current ordinance protects these employees and the Sponsor's failure to do so will expose the City to liability if the proposition passes.

It is in the best interest of the citizens for Lehi City to have the right to hire the best candidate for the job.

Please vote **AGAINST** proposition #5

Submitted by Bert Wilson, Lehi City Mayor

Proposition #5

Chapter 2.02.030: Provisions related to Residency

2.02.030: Residency Requirement:

A. Employees holding the following positions, or their equivalents, are required to establish residency within the City within 6 months of their hire date. The Mayor, with the advice and consent of the Council, may extend the time by 6 additional months upon finding it to be in the best interest of the City:

1. City Recorder	12. Finance Director
2. City Treasurer	13. Human Resource Director
3. Police Chief	14. Power Director
4. Justice Court Judge	15. Economic Development Director
5. Water Superintendent	16. Information Systems Manager
6. Public Works Director	17. Planning Director
7. Parks Department Director	18. Fire Chief
8. Sexton	19. City Attorney
9. Chief Building Official	20. City Engineer
10. City Administrator	21. Administrative Services Director
11. Asst. City Administrator	

2.020.040: Penalty for Official Neglect:

The Mayor, upon notice from any Lehi resident that the provisions of this section are being violated, will take action to enforce this section. If the Mayor fails to enforce the provisions of this section, he shall be charged with neglect of duty and prosecuted pursuant to Utah Code Title 10 Chapter 3 Section 826.

2.02.050: Limitation on Relocation Expenses:

The Mayor, with the consent of the Council, may provide reasonable funds to reimburse moving expenses. Moving expenses will be limited to not more than \$3,000 for employees relocating to Lehi from out of state, and \$500 for employees relocating within Utah. Existing employees residing outside the City limits in violation of the City's policy as of December 1, 2010, are not eligible for relocation assistance.

Repeal of Conflicting and Outdated Provisions: Section 2.04.050: Officer and Employment Appointment Authority is repealed.

Effective Date: Upon passage by the voters, this section will become effective beginning Monday, December 5, 2011. Existing employees residing outside the City in violation of the terms of this Ordinance must comply with the provisions of this section by June 5, 2012. The City Council may extend this date an additional six months if they determine it is in the City's interest to do so.

Sponsors:

Clint Carter, Melvin P. Anderson, Dona H. Anderson, Stephen R. Adams, Marian Carter

FISCAL IMPACT STATEMENT FOR PROPOSITION #5

It is my unbiased, good-faith estimate that the fiscal impact of the ordinance proposed by the initiative will be as follows:

1. The fiscal impact of the proposed law is for cost reimbursements of moving expenses, \$500 (Five Hundred Dollars) in state, and \$3,000 (Three Thousand Dollars) out of state. The 21 positions outlined in the initiatives, the positions presently filled and where they presently reside are shown on the next page:

	Position	Current Residence	Comments
1	City Recorder	Springville	
2	City Treasurer	Lehi	
3	Police Chief	Lehi	
4	Justice Court Judge	Lehi	
5	Water Superintendent	Lehi	
6	Public Works Director	Lehi	
7	Parks Department Director	n/a	No job description
8	Sexton	Vacant	
9	Chief Building Official	Vacant	
10	City Administrator	Lehi	
11	Assistant City Administrator	Lehi	
12	Finance Director	Riverton	
13	Human Resource Director	n/a	No job description
14	Power Director	Springville	
15	Economic Development Coordinator	South Jordan	
16	Information Systems Manager	Taylorsville	
17	Planning Director	Lehi	
18	Fire Chief	Lehi	
19	City Attorney	n/a	No job description presently contracted
20	City Engineer	Lindon	
21	Administrative Services Director	n/a	Duplicate of #12

After December 1, 2010, if there is a vacancy, or a position is created, in order to fill these positions at Lehi City (based on this initiative), one must eventually relocate to Lehi City. In the event one of these 21 positions is vacated or created by the City and the recruiting process is underway, the amount of reimbursements in this initiative is very minimal and can be paid for with existing funds. For those 21 positions outlined on the initiative hired before December 1, 2010, there is no reimbursement for moving expenses

2. Given the number of employees that will be affected by the proposed ordinance (6 employees would be required to relocate), based upon an independent analysis conducted by outside legal counsel, I am of the opinion that there is a substantial likelihood of litigation arising out of the proposed initiative. The potential litigation cost to a challenge of the propriety of the initiative is reasonably estimated to be between \$0 and \$734,000. The potential litigation costs to a challenge of the substantive provisions of the ordinance are reasonably estimated to be between \$0 to \$360,000. In addition to the potential litigation costs to the challenge of the substantive provisions of the ordinance, the City may have additional costs for the settlement of legitimate breach of employment contract claims which are reasonably estimated to be between \$0 to \$250,000.
3. The City could absorb the lower range of the fiscal impact, but any amount above \$250,000 (Two Hundred Thousand Fifty Thousand) would cause the City to raise taxes to pay for the litigation.
4. This proposed law would not result in the issuance or a change in the status of bonds, notes, or other debt instruments and would not increase or decrease the public debt.
5. There are sources of funding for up to \$250,000 in fund balance. The City would need to seek a tax increase to cover the additional amount in excess of \$250,000.

The Finance and Administrative Services Director estimates that the law proposed by this initiative would result in a total fiscal expense to the City's funds in the range of \$0 to \$1,344,000 if one, some, or all, were bound by this initiative and litigated this matter. In the event the fiscal impact exceeded \$250,000, an increase in taxes to pay for this litigation would be needed. There would be no increase in public debt because this type of debt is not bondable.

Sincerely,

David P. Sanderson
Lehi City
Director of Finance and Administrative Services

LEHI CITY POSTAL PATRON